



DUKE ENERGY CORPORATION

139 East Fourth Street
1212 Main
Cincinnati, OH 45201-0960
Telephone: (513) 287-4315
Facsimile: (513) 287-4385

Kristen Cocanougher
Sr. Paralegal
E-mail: Kristen.cocanougher@duke-energy.com

VIA OVERNIGHT DELIVERY

February 13, 2013

Mr. Jeff Cline
Public Service Commission
Commonwealth of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RECEIVED

FEB 14 2013

PUBLIC SERVICE
COMMISSION

Re: In the Matter of an Adjustment of Gas Rates of The Union Light, Heat and Power Company, Case No. 2001-00092; and

In the Matter of the Joint Application of Duke Energy Corporation, Duke Energy Holding Corp., Deer Acquisition Corp., Cougar Acquisition Corp., Cinergy Corp., The Cincinnati Gas & Electric Company and The Union Light, Heat and Power Company for Approval of a Transfer and Acquisition of Control, Case No. 2005-00228.

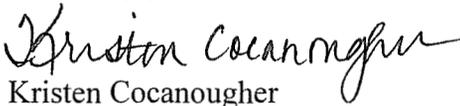
Dear Mr. Cline:

I have enclosed Duke Energy Kentucky, Inc.'s Fourth Quarter 2012 jurisdictional financial statements per order by the Commission in the above-referenced cases.

Please file-stamp the extra copy of this letter and return to me in the enclosed return-addressed envelope.

If you have any questions regarding the financial statements, please contact Mr. Jay Baucom, Manager, Accounting at (980) 373-2147.

Very truly yours,


Kristen Cocanougher

Enclosures

cc: Mr. Jay Baucom
Mr. Matthew Schroeder

Duke Energy Kentucky, Inc.

Quarterly Supplemental Financial Statements
Balance Sheet - Page 1
As of December 31, 2012
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Assets</u>				
Utility Plant in Service	1,254,209,022	416,515,585	12,651,426	1,683,376,033
Construction Work in Progress	19,883,978	977,229	-	20,861,207
Less Accum. Depreciation	(630,015,096)	(123,835,110)	(7,802,043)	(761,652,249)
Net Utility Plant	<u>644,077,904</u>	<u>293,657,704</u>	<u>4,849,383</u>	<u>942,584,991</u>
Nonutility Property	-	-	5,475,292	5,475,292
Other Investments	-	-	1,500	1,500
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>5,476,792</u>	<u>5,476,792</u>
Cash	8,005,486	3,286,753	(599,438)	10,692,801
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	1,310,456	347,897	-	1,658,353
Other Accounts Receivable	3,078,263	1,263,819	(230,496)	4,111,586
Less Provision for Uncollectibles	(129,640)	(34,417)	-	(164,057)
Notes Receivable from Assoc. Co.	17,705,969	7,269,408	(1,325,796)	23,649,581
Accounts Receivable from Assoc. Co.	(3,355,183)	(1,377,513)	251,231	(4,481,465)
Fuel Stock	19,382,122	425,965	791,077	20,599,164
Gas Stored Underground Inventory	-	-	-	-
Plant Materials & Operating Supplies	17,445,979	71,657	-	17,517,636
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	491,073	2,017	-	493,090
Prepayments	783,550	370,936	-	1,154,486
Emission Allowances	127,340	-	-	127,340
Derivative Instrument Assets	432,689	-	-	432,689
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	8,240,632	4,299,736	-	12,540,368
Rents Receivable	0	-	-	0
Total Current & Accrued Assets	<u>73,518,736</u>	<u>15,926,258</u>	<u>(1,113,422)</u>	<u>88,331,572</u>
Unamortized Debt Expense	1,878,012	771,041	(140,623)	2,508,430
Other Regulatory Assets	14,578,387	2,998,947	-	17,577,334
Preliminary Survey & Investigation	1,959,178	804,366	(146,700)	2,616,844
Clearing Accounts	44,411	(471)	-	43,940
Temporary Facilities	-	-	-	0
Miscellaneous Deferred Debits	30,397,520	12,480,085	(2,276,119)	40,601,486
Unamortized Loss on Reacquired Debt	1,894,545	777,829	(141,861)	2,530,513
Accumulated Deferred Income Taxes	1,408,787	6,427,876	-	7,836,663
Unrecovered Purchased Gas Costs	-	(1,334,972)	-	(1,334,972)
Total Deferred Debits	<u>52,160,840</u>	<u>22,924,701</u>	<u>(2,705,303)</u>	<u>72,380,238</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>769,757,480</u></u>	<u><u>332,508,663</u></u>	<u><u>6,507,450</u></u>	<u><u>1,108,773,593</u></u>

Duke Energy Kentucky, Inc.

Quarterly Supplemental Financial Statements
Balance Sheet - Page 2
As of December 31, 2012
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Proprietary Capital</u>				
Common Stock Issued	6,573,407	2,698,795	(492,207)	8,779,995
Premium on Capital Stock	14,104,342	5,790,715	(1,056,111)	18,838,946
Other Paid-in Capital Stock	111,295,167	45,693,632	(8,333,610)	148,655,189
Retained Earnings	159,059,356	63,596,903	(26,045,845)	196,610,414
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>291,032,272</u>	<u>117,780,045</u>	<u>(35,927,773)</u>	<u>372,884,544</u>
<u>Liabilities</u>				
Bonds	248,989,626	102,225,826	(18,643,958)	332,571,494
Less Unamortized Discount on Long-Term Debt	(464,058)	(190,525)	34,748	(619,835)
Total Long-Term Debt	<u>248,525,568</u>	<u>102,035,301</u>	<u>(18,609,210)</u>	<u>331,951,659</u>
Obligations Under Capital Leases - Noncurrent	4,962,330	2,037,317	-	6,999,647
Asset Retirement Obligation	1,955,799	4,122,249	-	6,078,048
Long-Term Portion of Derivative Instrument Liabilities	7,502,879	(79,578)	-	7,423,301
Accum. Misc. Operating Provisions	19,222,605	(203,881)	-	19,018,724
Total Other Noncurrent Liabilities	<u>33,643,613</u>	<u>5,876,107</u>	<u>-</u>	<u>39,519,720</u>
Accounts Payable	18,438,305	7,570,078	(1,380,632)	24,627,751
Notes Payable to Assoc. Co.	-	-	-	-
Accounts Payable to Assoc. Co.	14,998,098	6,157,658	(1,123,034)	20,032,722
Customer Deposits	5,334,759	3,587,735	-	8,922,494
Taxes Accrued	6,132,906	1,272,581	103,951	7,509,437
Interest Accrued	2,968,141	1,218,607	(222,250)	3,964,498
Tax Collections Payable	1,201,168	444,104	22,296	1,667,569
Misc. Current & Accrued Liabilities	8,073,527	(85,630)	-	7,987,897
Obligations Under Capital Leases - Current	1,339,169	549,805	-	1,888,974
Derivative Instrument Liabilities	8,506,323	(90,221)	-	8,416,102
Less: Long-Term Portion of Derivative Instrument Liabilities	(7,502,879)	79,578	-	(7,423,301)
Total Current & Accrued Liabilities	<u>59,489,517</u>	<u>20,704,295</u>	<u>(2,599,669)</u>	<u>77,594,143</u>
Customer Advances for Construction	-	708,594	-	708,594
Accum. Deferred Investment Tax Credits	137,850	917,676	(46,997)	1,008,529
Other Deferred Credits	20,863,243	7,345,577	-	28,208,820
Other Regulatory Liabilities	3,823,657	595,212	-	4,418,869
Accumulated Deferred Income Taxes	112,241,760	76,545,856	63,691,099	252,478,715
Total Deferred Credits	<u>137,066,510</u>	<u>86,112,915</u>	<u>63,644,102</u>	<u>286,823,527</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>769,757,480</u></u>	<u><u>332,508,663</u></u>	<u><u>6,507,450</u></u>	<u><u>1,108,773,593</u></u>

Duke Energy Kentucky, Inc.

Quarterly Supplemental Financial Statements
Income Statement
For the 12 Months Ended December 31, 2012
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	127,926,561	58,699,531	-	186,626,092
Commercial Sales	115,828,388	20,906,859	-	136,735,247
Industrial Sales	54,620,002	1,606,960	-	56,226,962
Sales to Public Authorities	23,208,694	2,398,985	-	25,607,679
Public Street & Highway Lighting	1,697,986	962	-	1,698,948
Inter-Departmental Sales	69,544	19,322	-	88,866
Misc Service Revenues	(304,481)	47,093	514,092	256,704
Revenues from Transportation	-	5,678,355	-	5,678,355
Sales for Resale	11,138,265	-	-	11,138,265
Rents from Property	664,779	-	1,049,369	1,714,148
Other Revenues	2,650,795	5,255	-	2,656,050
Total Revenues	<u>337,500,533</u>	<u>89,363,322</u>	<u>1,563,461</u>	<u>428,427,316</u>
<u>Operating Expenses</u>				
Operation Expense	215,727,719	58,782,501	19,990	274,530,210
Maintenance Expense	33,106,300	1,622,299	157,478	34,886,077
Depreciation Expense	27,846,552	9,509,398	889,751	38,245,701
Amortization and Depletion	2,582,808	1,387,839	-	3,970,647
Taxes Other than Income Taxes	10,696,740	3,954,868	198,554	14,850,162
Income Taxes - Federal & Other	5,266,344	(642,521)	72,015	4,695,838
Provision of Deferred Income Taxes - Net	(3,486,081)	15,562,462	17,848	12,094,229
Investment Tax Credit Adjustment	-	160	(160)	-
Total Operating Expenses	<u>291,740,382</u>	<u>90,177,006</u>	<u>1,355,476</u>	<u>383,272,864</u>
NET OPERATING INCOME	<u>45,760,151</u>	<u>(813,684)</u>	<u>207,985</u>	<u>45,154,452</u>
<u>Other Income & Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	227,569	227,569
Less Expense of Merchandising, Jobbing and Contract Work	-	-	(86,206)	(86,206)
Revenues from Nonutility Operations	-	-	12,461	12,461
Interest & Dividend Income	-	-	1,243,599	1,243,599
AFUDC	416,939	(158,816)	-	258,123
Loss on Disposition of Property	-	-	468,150	468,150
Gain from Disposition of Allowances	-	-	(20,688)	(20,688)
Misc Income Deductions	-	-	(1,817,194)	(1,817,194)
Taxes Other than Income Taxes	-	-	(137,852)	(137,852)
Income Taxes - Federal & Other	-	-	(2,689,409)	(2,689,409)
Provision for Deferred Income Taxes - Net	-	-	3,128,037	3,128,037
Total Other Income & Deductions	<u>416,939</u>	<u>(158,816)</u>	<u>328,467</u>	<u>586,590</u>
<u>Interest Charges</u>				
Interest on Long Term Debt	(10,626,720)	(4,362,934)	795,712	(14,193,942)
Amortization of Debt Disc And Expense	(386,436)	(158,656)	28,936	(516,157)
Amortization of Loss on Reacquired Debt	(211,984)	(87,032)	15,873	(283,143)
Interest on Debt to Assoc Co	(1,311)	(539)	98	(1,753)
Other Interest Expense	(2,049,002)	(841,243)	153,426	(2,736,819)
Less Allowance for Borrowed Fund Used During Construction - Credit	259,844	(48,212)	-	211,632
Net interest Charges	<u>(13,015,609)</u>	<u>(5,498,616)</u>	<u>994,045</u>	<u>(17,520,182)</u>
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	<u>33,161,481</u>	<u>(6,471,116)</u>	<u>1,530,497</u>	<u>28,220,860</u>

Duke Energy Kentucky, Inc.
Capital Structure
December 31, 2012

	Actual September 2012	Activity	Actual December 2012
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
Long-term debt	\$ 332,019,479	\$ (67,820)	\$ 331,951,659
Obligations under Capital Lease-Noncurr	\$ 7,332,028	\$ (332,381)	\$ 6,999,647
Total Long-term debt	\$ 339,351,507	\$ (400,201)	\$ 338,951,306
Common Stock Equity			
Common Stock	\$ 8,779,995	\$ -	\$ 8,779,995
Premium On Capital Stock Common	\$ 18,838,946	\$ -	\$ 18,838,946
Donat Recvd From Stkhld	\$ 143,211,362	\$ -	\$ 143,211,362
Donat Recvd From Stkhld Tax	\$ 5,600,021	\$ -	\$ 5,600,021
Other Misc PIC	\$ (156,194)	\$ -	\$ (156,194)
Unappropriated RE Bal	\$ 168,389,554	\$ -	\$ 168,389,554
Unapp Ret Erngs-Curr Yr Net In	\$ 27,071,027	\$ 1,149,833	\$ 28,220,860
Total Common Stock Equity	\$ 371,734,711	\$ 1,149,833	\$ 372,884,544
TOTAL CAPITALIZATION	\$ 711,086,218	\$ 749,632	\$ 711,835,850